



# Financial Statements AgReserves Limited

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**For the Year Ended 31 December 2011**

THURSDAY



**Registered number: 2947030**

## Company Information

**Directors** D M Sleight  
J R Larson  
J L Knight

**Company secretary** P Allen and B Conway

**Company number** 2947030

**Registered office** Manor Farm  
Church End  
Woodwalton  
Huntingdon  
Cambridgeshire  
PE28 5YU

**Auditor** Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

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## **Directors' Report**

### **For the Year Ended 31 December 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

#### **Principal activities**

The principal activity of the company during the year was that of arable farming

#### **Business review**

The company continues to pursue the goals laid out in the business plan, which include improving yields of the various crops by best practice methods, and reducing costs using economies of scale wherever possible and by strict numerical comparisons and control. Improving present holdings and areas of focus are under constant review. The policies set out by the Board are implemented by the Finance department which is closely supervised in this respect. The company is exposed to various risks as defined below

##### **Price risk**

As part of the nature of agriculture we are subject to price variations, but look actively to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. Our storage allows us to price and deliver our product away from the harvest window which is well known to be a period of depressed prices

##### **Credit risk**

In view of the present economic downturn the company is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk

##### **Interest/currency rate risks**

With the present banking interest rates being so low there is a risk that the company does not make the best use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible. Forward dealing facilities are also being explored in regards to foreign currency accounts

##### **Key performance**

Monthly detailed reporting analysis is performed based on the company meeting budgets approved by the parent company, variances are monitored and if significant investigated, understood and reported

## **Directors' Report**

**For the Year Ended 31 December 2011**

### **Results**

The profit for the year, after taxation, amounted to £2,019,936 (2010 - £1,416,513) The directors have not recommended a dividend

### **Directors**

The directors who served during the year were

D M Sleight  
J R Larson  
J L. Knight

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## **Directors' Report**

**For the Year Ended 31 December 2011**

### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 25 September 2012 and signed on its behalf

**J R Larson**  
Director





## Independent Auditor's Report to the Members of AgReserves Limited

We have audited the financial statements of AgReserves Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of AgReserves Limited

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

Kathryn Godfree (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Birmingham

25 September 2012

**Profit and Loss Account**  
**For the Year Ended 31 December 2011**

	<b>Note</b>	<b>2011</b> £	<b>2010</b> £
<b>Turnover</b>	1,2	<b>9,114,951</b>	7,848,540
Cost of sales		(4,600,969)	(2,761,976)
<b>Gross profit</b>		<b>4,513,982</b>	5,086,564
Administrative expenses		(1,849,890)	(3,171,935)
<b>Operating profit</b>	3	<b>2,664,092</b>	1,914,629
Interest receivable and similar income	6	<b>90,231</b>	46,473
<b>Profit on ordinary activities before taxation</b>		<b>2,754,323</b>	1,961,102
Tax on profit on ordinary activities	7	(734,387)	(544,589)
<b>Profit for the financial year</b>	16	<b>2,019,936</b>	1,416,513

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 15 form part of these financial statements

## Balance Sheet

As at 31 December 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Intangible assets	8	33,628	67,257
Tangible assets	9	2,304,339	2,351,049
Investments	10	5,176	5,176
		<u>2,343,143</u>	<u>2,423,482</u>
<b>Current assets</b>			
Stocks	11	6,100,338	6,478,344
Debtors	12	937,703	1,909,341
Cash at bank and in hand		<u>9,059,666</u>	<u>5,068,606</u>
		<u>16,097,707</u>	<u>13,456,291</u>
Creditors amounts falling due within one year	13	<u>(4,498,197)</u>	<u>(4,034,365)</u>
<b>Net current assets</b>		<u>11,599,510</u>	<u>9,421,926</u>
<b>Total assets less current liabilities</b>		<u>13,942,653</u>	<u>11,845,408</u>
<b>Provisions for liabilities</b>			
Deferred tax	14	<u>(124,702)</u>	<u>(47,393)</u>
<b>Net assets</b>		<u>13,817,951</u>	<u>11,798,015</u>
<b>Capital and reserves</b>			
Called up share capital	15	4,100,000	4,100,000
Other reserves	16	5,350,000	5,350,000
Profit and loss account	16	<u>4,367,951</u>	<u>2,348,015</u>
<b>Shareholders' funds</b>	17	<u>13,817,951</u>	<u>11,798,015</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2012

J R Larson  
Director



The notes on pages 8 to 13 form part of these financial statements

# Notes to the Financial Statements

For the Year Ended 31 December 2011

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

### **1.2 Cash flow statement**

Under the provisions of Financial Reporting Standard 1 (revised) 'Cash Flow Statements', the company has not prepared a cash flow statement because its parent undertaking, Farmland Reserve UK Ltd, formerly The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited, has prepared consolidated financial statements which include the results of the company for the year and which are publicly available

### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue is recognised when the goods are received by the customer

### **1.4 Intangible assets and amortisation**

Intangible assets are held at cost less amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Single farm payment entitlements - Straight line over 3 years

### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Where there is evidence of impairment, fixed assets are written down to recoverable amounts. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery - Straight line over 3 to 10 years

### **1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment

### **1.7 Operating leases**

Rentals under operating leases, where substantially all risks and rewards of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

# Notes to the Financial Statements

## For the Year Ended 31 December 2011

### **1. Accounting Policies (continued)**

#### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### **1.10 Pensions**

The company is party to a defined benefit scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans. The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Pension costs are accounted for on the basis of contributions made in the year or accrued at the year end, on a defined contribution basis, as required by Financial Reporting Standard 17 'Retirement Benefits' in circumstances where the company is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

#### **1.11 Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **1.12 Single farm payment**

Single farm payment is receivable on an annual basis, the annual payment is recognised in the year the application applies to. Due to the regular variation in when the payment occurs, this is recognised either by accrual or upon receipt of payment.

#### **1.13 Related party transactions**

The company has taken advantage of the exemption in FRS8 from disclosing transactions with entities that are part of the Farmland Reserve UK Limited group, where entities are wholly owned.

## Notes to the Financial Statements

For the Year Ended 31 December 2011

### 2. Turnover

All turnover arose from the one principal activity of the company within the United Kingdom

### 3. Operating profit

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	696,866	622,695
Auditors' remuneration	12,000	12,000
Amortisation of intangible assets	53,381	33,628
(Profit) on disposal of fixed assets	(408,072)	(196,336)
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### 4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	664,676	791,999
Social security costs	89,164	72,599
Other pension costs	155,083	173,317
	<hr/>	<hr/>
	908,923	1,037,915
	<hr/>	<hr/>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	2010 No
Production and administration	22	25
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### 5. Directors' remuneration

	2011 £	2010 £
Emoluments	25,053	36,989
	<hr/>	<hr/>

During the year, one director (2010 - one) participated in respect of the defined benefit pension scheme

## Notes to the Financial Statements

For the Year Ended 31 December 2011

### 6. Interest receivable

	2011 £	2010 £
Bank interest receivable	<u>90,231</u>	<u>46,473</u>

### 7. Taxation

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	625,874	510,214
Adjustments in respect of prior periods	31,204	(13,018)
<b>Total current tax</b>	<u>657,078</u>	<u>497,196</u>
<b>Deferred tax (see note 14)</b>		
Origination and reversal of timing differences	77,309	47,393
<b>Tax on profit on ordinary activities</b>	<u>734,387</u>	<u>544,589</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.49% (2010 - 28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	<u>2,754,323</u>	<u>1,961,102</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010 - 28%)	727,176	549,108
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,679	13,420
Capital allowances for year in excess of depreciation	(84,725)	(56,302)
Chargable gain	15,112	-
Adjustments to tax charge in respect of prior periods	31,204	(13,018)
Non-taxable income	(37,218)	-
Other short term timing differences	3,023	4,165
Adjustment for FII income	(173)	(177)
<b>Current tax charge for the year (see note above)</b>	<u>657,078</u>	<u>497,196</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2011**

**8. Intangible fixed assets**

	Single farm payment entitlements £
<b>Cost</b>	
At 1 January 2011	100,885
Additions	<u>19,752</u>
At 31 December 2011	<u>120,637</u>
<b>Amortisation</b>	
At 1 January 2011	33,628
Charge for the year	<u>53,381</u>
At 31 December 2011	<u>87,009</u>
<b>Net book value</b>	
At 31 December 2011	<u>33,628</u>
At 31 December 2010	<u>67,257</u>

**9. Tangible fixed assets**

	Plant & machinery £
<b>Cost</b>	
At 1 January 2011	6,890,034
Additions	<u>902,417</u>
Disposals	<u>(1,588,700)</u>
At 31 December 2011	<u>6,203,751</u>
<b>Depreciation</b>	
At 1 January 2011	4,538,985
Charge for the year	<u>604,521</u>
On disposals	<u>(1,244,094)</u>
At 31 December 2011	<u>3,899,412</u>
<b>Net book value</b>	
At 31 December 2011	<u>2,304,339</u>
At 31 December 2010	<u>2,351,049</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2011**

**10. Fixed asset investments**

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2011 and 31 December 2011	<u>5,176</u>
<b>Net book value</b>	
At 31 December 2011	<u>5,176</u>
At 31 December 2010	<u>5,176</u>

The market value of the listed investments at 31 December 2011 was £11,222 (2010 - £14,142)

**11. Stocks**

	2011 £	2010 £
Cultivations	2,258,470	2,398,931
Crop in store	3,841,868	4,079,413
	<u>6,100,338</u>	<u>6,478,344</u>

**12. Debtors**

	2011 £	2010 £
Trade debtors	820,031	361,304
Other debtors	105,522	1,548,037
Prepayments and accrued income	12,150	-
	<u>937,703</u>	<u>1,909,341</u>

**Notes to the Financial Statements**  
For the Year Ended 31 December 2011

**13. Creditors:**

**Amounts falling due within one year**

	2011	2010
	£	£
Trade creditors	5,012	-
Amounts owed to group undertakings	3,807,806	3,553,780
Corporation tax	414,336	356,613
Social security and other taxes	157,387	23,740
Other creditors	81,234	73,139
Accruals and deferred income	32,422	27,093
	<hr/>	<hr/>
	<b>4,498,197</b>	<b>4,034,365</b>
	<hr/>	<hr/>

**14. Deferred taxation**

	2011	2010
	£	£
At beginning of year	47,393	47,393
Charge for year	77,309	-
	<hr/>	<hr/>
At end of year	<b>124,702</b>	<b>47,393</b>
	<hr/>	<hr/>

The provision for deferred taxation is made up as follows

	2011	2010
	£	£
Accelerated capital allowances	111,034	47,393
Other short term timing differences	13,668	-
	<hr/>	<hr/>
	<b>124,702</b>	<b>47,393</b>
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**15. Share capital**

	2011	2010
	£	£
Allotted, called up and fully paid		
4,100,000 Ordinary shares of £1 each	<b>4,100,000</b>	<b>4,100,000</b>
	<hr/>	<hr/>

## Notes to the Financial Statements For the Year Ended 31 December 2011

### 16. Reserves

	Other reserves	Profit and loss account
	£	£
At 1 January 2011	5,350,000	2,348,015
Profit for the year		2,019,936
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At 31 December 2011	5,350,000	4,367,951
	<hr/>	<hr/>

### 17. Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	11,798,015	10,381,502
Profit for the year	2,019,936	1,416,513
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Closing shareholders' funds	13,817,951	11,798,015
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### 18. Pension commitments

The company participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). This scheme is of the defined benefit type and are funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The company has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for the year were £155,083 (2010 - £173,317)

### 19. Ultimate parent undertaking and controlling party

The company is owned by Farmland Reserve UK Ltd (formerly The Church of Jesus Christ of Latter-day Saints (Welfare) Limited)